

The complaint

Miss A complains that British Gas Insurance Limited mishandled her claim on a home emergency insurance policy.

What happened

Where I refer to British Gas, I refer to the insurance company of that name and I include its associated plumbing and drainage company and others insofar as I hold that insurance company responsible for their actions.

Miss A had a flat that she let out to a tenant. For a year from May 2019 she renewed her British Gas policy for the flat.

The three elements of insurance cover were for central heating, plumbing and drainage, and electrics. The renewal letter gave a breakdown of the cost of each element of cover, for example £68.95 for plumbing and drainage cover.

Each claim was subject to an excess of £50.00.

On 29 June 2019 the tenant discovered a water leak. So Miss A asked British Gas for help. British Gas said she needed a new hot water cylinder and other work, but the policy didn't cover the cost. British Gas (or strictly speaking a company associated with that insurance company) quoted for the work as follows (including VAT):

Parts	£1,350.00
Labour	£850.00
Total	£2,200.00

Miss A accepted the quote and British Gas (or strictly speaking a company associated with that insurance company) did the work in July 2019. But there was still a leak. There were further visits and the tenant was without hot water.

British Gas invoiced a £50.00 excess which Miss A didn't pay. British Gas sent a debt recovery letter but later waived the £50.00.

In November 2019 British Gas reimbursed Miss A £1,350.00. In December 2019, it offered £150.00 compensation and offered to refund or rebate the plumbing and drainage premium of £68.95 for that policy year.

Miss A complained that she'd had no option but to agree to the tenant not paying the rent of £1,200.00 for a month.

our investigator's opinion

Our investigator recommended that the complaint should be upheld. He thought that British Gas' mistakes led directly to Miss A not receiving rent for the month, and a large amount of stress and inconvenience.

He recommended that British Gas should pay Miss A:

1. £1,200.00 to cover loss of rent income; and
2. an additional £100.00 in compensation for inconvenience and upset.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Miss A and to British Gas on 4 August 2020. I summarise my findings:

I found it likely that the tenant was still obliged to pay the rent. I didn't accept that Miss A had no option but to allow him to withhold a month's rent.

British Gas made an offer that I was minded to find fair and reasonable.

Subject to any further information from Miss A or from British Gas, my provisional decision was that I was minded to uphold this complaint in part. I intended to direct British Gas Insurance Limited (insofar as it hasn't already done so):

1. to refund or rebate the plumbing and drainage premium of £68.95 for the policy year from May 2019 to May 2020; and
2. to pay Miss A £150.00 for distress and inconvenience.

British Gas hasn't responded to the provisional decision.

Miss A disagreed with the provisional decision. She says, in summary, that:

- British Gas was unable to resolve the issue. It was responsible for poor workmanship, lack of response to queries, and health and safety concerns.
- This caused the tenant unacceptable living conditions over several months – at times with no water.
- The severity of the situation also put their life at risk with the water supply company advising her to ask the whole block to shut off the water supply at 11pm due to health and safety risks and fire hazards. This was requested without her being able to let other people in the block know when the issue would be resolved yet it was of no concern to British Gas.
- The poor response times and lack of concern contributed to an enormous amount of strain for her, the tenant and the relationship between them.
- The very reason she takes out insurance is to protect her from having to deal with this type of situation. This insurance should protect her and her tenant from the stresses of any emergencies and costs. It should not cost her additional money and stress when she trusted British Gas to do exactly what they implied having insurance with them would offer.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

I haven't seen the tenancy agreement between Miss A and the tenant. But I find it likely that he was obliged to pay her rent without making any deduction.

From what Miss A and British Gas have each said, I find that there were more appointments and telephone calls than there should have been.

From the tenant's messages I've seen that he was inconvenienced. But I find it likely that he was still obliged to pay the rent. I don't accept that Miss A had no option but to allow him to withhold a month's rent.

For that reason, I don't find it fair and reasonable to direct British Gas to compensate Miss A for loss of rent.

Miss A was also inconvenienced. She had to take time off work during a probationary period in a new job. She had to ask family members to cover appointments with British Gas. She was also distressed by the tenant's messages.

After the complaint British Gas didn't send a final response letter within eight weeks or at all. But it made an offer that I find fair and reasonable.

Putting things right

I intend to direct British Gas to honour its offer insofar as it hasn't already done so.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct British Gas Insurance Limited (insofar as it hasn't already done so):

1. to refund or rebate the plumbing and drainage premium of £68.95 for the policy year from May 2019 to May 2020; and
2. to pay Miss A £150.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 25 September 2020.

Christopher Gilbert
Ombudsman